

COUNCIL ON POSTSECONDARY EDUCATION 2002-08 SIX-YEAR CAPITAL PLAN

**Agenda Item H-5
May 21, 2001**

State law requires each agency, including the council and the public universities and colleges, to submit a six-year capital plan to the Capital Planning Advisory Board in each odd-numbered year. Any capital project with an estimated cost of \$400,000 or more or any equipment purchase with an estimated cost of \$100,000 or more must be included. The 2002-08 agency plans can be revised until October 2001.

The council's 2002-08 plan should include agency projects as well as any central project pools for the universities and colleges. The projects listed in the first biennium of the 2002-08 plan generally will evolve into the 2002-04 capital requests. The council will approve a 2002-04 capital recommendation in November.

Overview

The Council on Postsecondary Education is responsible for the general planning and oversight of Kentucky's system of public postsecondary education. The council will continue to use space guidelines to evaluate the need for new or renovated space. The council will also contract with a professional to evaluate the physical condition and the functional utility of existing space.

Council: Capital Needs

No capital construction projects or major equipment purchases are expected to exceed spending thresholds. The council, the virtual university, and the virtual library are exploring ways to use space more efficiently to absorb an impending rent increase.

Statewide Capital Priorities: Centralized Pools

The capital plan includes three centralized project pools for the universities and colleges as well as two technology initiative projects. The council staff may recommend that the projects be funded as part of the trust funds, except for the agency bond pool, as follows:

- **Physical Facilities Trust Fund**
Capital Renewal and Maintenance Bond Pool. The capital plan includes a \$30-million pool of state funds for each biennium, to be matched by the institutions, for capital renewal and maintenance. The match may vary depending on an institution's history of maintaining its campus. The specific projects that may be funded will be included in the institutions' 2002-08 six-year capital plans.
- **Technology Initiative Trust Fund**
Instructional and Research Equipment Replacement Pool. The capital plan includes a \$20- million pool for 2002-04 for the institutions to replace classroom instructional and research equipment. For 2002, the council required institutions to match the funds that are used to purchase research equipment.

Kentucky Postsecondary Education Network Enhancement. The capital plan includes a \$20 million project for 2002-04 to enhance and expand the Kentucky Postsecondary Education Network. The KPEN rides on the Kentucky Information Highway, a high-speed ATM network.

Centralized Learning Services Project. The council's capital plan includes \$600,000 for 2002-04 for a centralized learning services project. The project includes two platform servers and 10 video-streaming auxiliary servers. The equipment would provide continual, centralized technical support and a one-password logon for students taking Web-based courses. The equipment would accommodate instructional courses regardless of the learning platform used. The project would bring both KYVU and non-KYVU courses to a series of central servers, reducing cost to institutions and improving delivery. Council staff has had only preliminary discussions with some institutions and will decide this summer whether to recommend including this project in the capital request.

Agency Bond Pool

The General Assembly has consistently supported the issuance of agency bonds by the universities and colleges for non-instructional capital needs. The capital plan includes a \$75-million agency bond pool for each biennium for colleges and universities. The agency bond pool would allow the institutions to fund capital projects related to auxiliary and revenue producing enterprises. Debt service for these bonds would be supported with agency funds. The specific projects that may be funded as part of this bond pool will be included in the institutions' 2002-08 six-year capital plans.

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